

Giritech A/S

Spotorno Allé 12, 2630, Taastrup

CVR no. 27 24 17 19

Annual report 2019

Approved at the Company's annual general meeting on 31 August 2020

Chairman:



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Giritech A/S for the financial year 1 January - 31 December 2019.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Taastrup, 31 August 2020
Executive Board:



Pal Ujvarosi
CEO

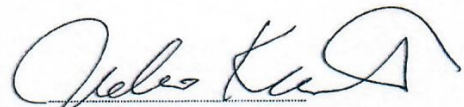
Board of Directors:



Mogens Mølgaard Jensen
Chairman



Masatoshi Hitomi



Nobou Kamata

Independent auditor's report

To the shareholders of Giritech A/S

Opinion

We have audited the financial statements of Giritech A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 August 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Ole Hedemann
State Authorised Public Accountant
mne14949


Anders Flymer-Dindler
State Authorised Public Accountant
mne35423

Management's review

Company details

Name	Giritech A/S
Address, Postal code, City	Spotorno Allé 12, 2630, Taastrup
CVR no.	27 24 17 19
Established	3 July 2003
Registered office	Høje Taastrup
Financial year	1 January - 31 December
Website	www.solitonsystems.com
Board of Directors	Mogens Mølgaard Jensen, Chairman Masatoshi Hitomi Nobou Kamata
Executive Board	Pal Ujvarosi, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management commentary

Business review

Giritech A/S develops and sells IT systems and related hardware.

Financial review

The income statement for 2019 shows a loss of DKK 1 thousand against a profit of DKK 41 thousand last year, and the balance sheet at 31 December 2019 shows a negative equity of DKK 476 thousand.

Giritech A/S expects no activities in 2020, just like in 2019.

The company has current liabilities of DKK 482 thousand and cash totaling to DKK 6 thousand. The company has received a letter of support from the ultimate parent company, Soliton Systems K.K., which confirms that the ultimate parent company will provide all the support that may be needed in order for the company to pay all liabilities as the fall due until 31 December 2020. Based on this it is managements assessment, that there is no going concern issue.

The Company has lost more than 50 % of the share capital and is therefore subject to the rules on capital loss in the Danish Companies Act. Management expects to reestablish the share capital through future earnings or capital injection from the shareholder.

Events after the balance sheet date

No major events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2019	2018
	Gross profit	0	64
3	Staff costs	0	0
	Profit before net financials	0	64
	Financial expenses	-1	-23
	Profit/loss for the year	-1	41
		<u>-1</u>	<u>41</u>
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-1	41
		<u>-1</u>	<u>41</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Non-fixed assets		
	Cash	6	7
	Total non-fixed assets	6	7
	TOTAL ASSETS	6	7
	EQUITY AND LIABILITIES		
	Equity		
4	Share capital	500	500
	Retained earnings	-976	-975
	Total equity	-476	-475
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Payables to group enterprises	482	482
		482	482
	Total liabilities other than provisions	482	482
	TOTAL EQUITY AND LIABILITIES	6	7

- 1 Accounting policies
- 2 Liquidity and capital resources
- 5 Contractual obligations and contingencies, etc.
- 6 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2019	500	-975	-475
Transfer through appropriation of loss	0	-1	-1
Equity at 31 December 2019	500	-976	-476

The Company has lost more than 50 % of the share capital and is therefore subject to the rules on capital loss in the Danish Companies Act. Management expects to reestablish the share capital through future earnings or capital injection from the shareholder.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Giritech A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Licence and royalty income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue from time limited software licences is accrued and recognised on a straight line basis over the term of the licence according to the terms of the licence agreement.

Sale of indefinite software licences is recognised as sale of goods whereby revenue is recognised when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value which is usually nominal value.

2 Liquidity and capital resources

The going concern of the company is conditional upon contribution of cash, either by way of a share increase or through an extension of the existing credit facilities, or through new lenders. The company has received a letter of support from its parent company which confirms that the parent company will provide all the support that may be needed in order for the company to pay all liabilities as the fall due until 31 December 2020. Based on this it is management's opinion that the financial statements can be prepared on a going concern assumption.

The Company has lost more than 50 % of the share capital and is therefore subject to the rules on capital loss in the Danish Companies Act. Management expects to reestablish the share capital through future earnings or capital injection from the shareholder.

3 Staff costs

The Company has no employees.

4 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK'000	2019	2018	2017	2016	2015
Opening balance	500	500	500	500	500
	500	500	500	500	500

5 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with the parent company Soliton Systems Development Center Europe A/S which is the administrative company. The Company has joint and several unlimited liability for Danish corporation taxes.

6 Related parties

Giritech A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Soliton Systems Development Center Europe A/S	Spotorno Alle 12, 2. 2630 Taastrup	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Soliton Systems K. K.	2-4-3 Shinjuku, Shinjuku-ku, Tokyo 160-0022 Japan	The ultimate mother company's financial statement is available at https://solitonsystems.com/